ABAG'S POLICY-BASED PROJECTIONS 2003:
QUESTIONS & ANSWERS FACT SHEET

1. WHAT IS THE BASIS OF ABAG's NEWEST *PROJECTIONS*?

Policy-based Projections are the new set of forecast for future population, household, and employment growth. The Smart Growth Strategy Regional Livability Footprint Project forecast is based from the Smart Growth Policies adopted by the ABAG Executive Board.

Supply Side Information

In previous Projections, information on vacant or underused land and local development policies served as a primary supply side input to *Projections*. This information was collected from local jurisdictions on regular intervals.

The Smart Growth Vision – developed through a region-wide series of workshops – and Smart Growth Policies adopted by the ABAG Executive Board serve as the basis for this policy-based Projections. The Vision and Smart Growth Policies suggest a change in the development pattern of the region. The change would represent a shift towards development along transportation corridors and in urbanized areas. The intent is to create a better jobs/housing balance, preserve open space and agricultural lands, and provide more housing opportunities.

Demand Side Information

ABAG's forecasts also involve a set of assumptions about the Bay Area and national economies, the labor force, demographic changes, transportation, etc. These factors drive the demand side of the *Projections* process. The Smart Growth Vision and Policies are intended to affect the demand parameters as well. Following is a list of major inputs:

National Economic Inputs
  * annual growth rate of GNP by industry sector
  * commercial interest rate

Regional Economic Inputs
  * growth rates in exports by industry sector
  * mortgage interest rate
  * price of energy
  * output per worker by industry sector
  * consumer spending by industry sector
  * real growth in capital spending by industry sector

- commercial interest rate
- availability of incentives created through the Smart Growth project

Regional Demographic Inputs
- growth in labor force participation
- fertility rates
- changes in household size
- commuter characteristics
- focus on urban and transit corridor development that concentrates demand to specific land

These assumptions drive the projected region wide growth. Countywide forecasts are prepared using a model that considers historical growth trends and relationships between employment sectors. Once the country growth forecasts are obtained, the county total is 'allocated' to jurisdictions based on a new set of policy-based Projections that uses smart growth trends.

2. WHAT ARE THE *PROJECTIONS* INTENDED TO REPRESENT?

The forecasts are intended to represent expected growth for the region to the year 2030 assuming Smart Growth Policies. They represent a modified Smart Growth forecast that moves towards the Vision developed by a group of regional agencies and adopted by the ABAG Executive Board in 2002. Subregional forecasts should not be interpreted as either a floor or a ceiling on growth. The best predictive capacity of the *Projections* is for the region as a whole, followed by the county-level *Projections*. Sub-county and small area *Projections* are subject to considerable uncertainty, particularly in area undergoing rapid or unanticipated changes.

3. WHY DON'T ABAG's NUMBERS MATCH THOSE IN LOCAL PLANS?

Local General Plans document the goals, policies, and objectives of local jurisdictions – as such, they are often described as the constitution of the local planning process. Moreover, they contain a vision of a desirable future for the local area. But individual local plans are not a forecast of local development. They do not necessarily reflect economic conditions or the subregional ability as well as pressure to absorb new development. For example, local plans – if taken together – often include a higher level of job-producing land uses than can be realistically absorbed at a subregional level. That has always been the case with the *Projections* forecasts. Moreover, the general policies on which Projections 2003 is based assume that there may be changes in regulations and incentives as well as in local general plans.

4. WHY DOES ABAG TYPICALLY USE THE SPHERE OF INFLUENCE AS ITS PLANNING AREA?

The incorporated limits for many cities are subject to relatively frequent change. The current *Projections* series extends out to the year 2030. Therefore, the *Projections* must reflect the long-term boundaries of the jurisdiction. The sphere of influence (SOI), as established by the LAFCO, is defined as "the probable ultimate physical boundaries and service area of a local agency or district." As such, the SOI is often the most logical geographic area to use for future *Projections*. In **Projections 2003**, we will also be providing an alternative description of the forecast based on current city boundaries.

5. WHAT IMPLICTIONS ARE ASSOCIATED WITH THE *PROJECTIONS*?

- State directive stipulates that the regional planning agencies' *Projections* can be used to identify needed levels of construction for sewage treatment plants, transportation facilities, and other capital facilities;
- The Metropolitan Transportation Commission (MTC) and the countrywide congestion management agencies (CMAs) use ABAG's economic-demographic *Projections* in developing their travel demand forecasts (which in turn, are used to prioritize transportation improvements);
- The *Projections* must serve as the basis for congestion management and air quality planning purposes;
- The *Projections* are used for planning purposes by government and private entities needing a sense of future conditions; and
- The *Projections* influence the Housing Needs Determination (discussed below).

6. WHAT IS THE RELATIONSHIP BETWEEN THE *PROJECTIONS* AND ABAG's *HOUSING NEEDS DETERMINATIONS*?

Jurisdictions often ask how the *Projections* will affect their housing needs allocation. Under state mandate, ABAG has the responsibility to identify housing needs targets for use in preparing local housing elements. The *Housing Needs Determinations* are separate and distinct from the *Projections*; however, the near-term household growth forecasts will be an important component in assigning the housing "growth" need.